

Newsletter March 2013

Big changes at Peters Doig Limited but Mark and Alison are not retiring!

As from 1st April 2013 ownership of the practice is being transferred to Anton James and Tim McKendry. Mark Peters and Alison Brook will remain for some years in a consulting and assistance role, initially working around 3 days each per week and gradually scaling that down over a number of years as Anton and Tim become more established and comfortable within the practice and familiar with all clients requirements.

The practice will continue to offer the same highly professional services and indeed improve upon those services with the skills, experience and background that both Anton and Tim bring to complement those existing with Mark and Alison and our highly competent staff.

Clients can expect to meet Anton and Tim over the course of the 2013 year and they along with Mark and Alison look forward to efficiently dealing with the needs of all clients going forward.

Introducing.....

Tim McKendry

After 10 years of travelling to Marlborough to visit family for Christmas holidays, Sarah and Tim along with their 2 children, finally took the plunge and moved to Marlborough. With many years spent in senior levels of international banks in both Melbourne and London, it was time for a change and take advantage of the wonderful Marlborough lifestyle. Tim brings a wealth of commercial experience and some alternate ways of looking at things to Peters Doig, having spent many years analysing the complexities of ANZ's Institutional Bank (foreign exchange, derivatives, debt financing etc). His time at ANZ and NAB during the Global Financial Crisis has given Tim a real appreciation of many things including economic impacts on individuals. While at ANZ, Tim played a key role in the acquisition of National Bank of New Zealand which has been a highlight of his career. Since moving to Marlborough, Tim has been increasingly involved in the wine industry and viticulture. Spending 2 years at Jackson Estate, has given Tim an understanding of the realities of the Wine industry.

Tim is in his second year of serving on the board of Springlands School in the finance role where his children go to school. Tim is an avid skier and many weekends in winter are spent at Rainbow Ski- field with his family who also share his passion (but maybe not quite to the same extent). Away from his family Tim loves bunch cycling, swimming with the Blenheim Masters Swimming and Sea Swimming (when it's warm enough). Tim is sure that with the combined knowledge of Anton and himself we can offer our clientele an incredible service.



Anton James

Anton is the 3rd son of Roy & Vivienne James of St Andrews, Blenheim and returns to Marlborough with his wife Michelle and 3 young girls after living in London for 14 years. Anton's focus in the practice will be on the farming clients, building on his past knowledge from his days of study at Marlborough Boys College (Agricultural science to Bursary level - winning the Young Farmers Cup in consecutive years). Anton has a keen interest in farming and is looking forward to getting out to meet his clients to understand what they do and what challenges they face. Prior to his time in London, Anton studied at Canterbury University (where he met his future wife) and then qualified as a CA with Ernst & Young in Wellington, focused on corporate audit. After arriving in London, and a brief flirtation with Investment banking at Lehman Brothers, he settled into Corporate Auditing for 6 years at Ernst & Young, focused on the oil & gas and utility sectors.

The last 7 years have been spent understanding the world of corporate debt at Standard & Poor's. His time at Standard & Poor's gave him some unique insights into the Global Financial Crisis as it unfolded around him. Anton was the accounting specialist for Corporate Ratings for Europe, assisting analysts on a day to day basis in assessing financial accounts, technical rules, and cash flow forecasting and budgeting which he hopes to bring to his clients where appropriate.

When Anton is not in the office or out visiting farms, you will find him following his passion for clay target shooting and hunting. Anton is also a keen motorcyclist and his pride and joy is his 1973 Vespa which served him well in London. Now that he is back home he hopes to fit in some family time as well.



FARMERS – ADVERSE EVENT INCOME EQUALISATION

With the drought, whether declared by government or self-assessed comes an opportunity for farmers who have been forced to sell livestock early to move the profit on those sales to the next income year: Deposits to this fund can be immediately withdrawn (if deposited within one month of balance date) or earn 6.5% interest until they are withdrawn (maximum time to deposit is one year).

For farmers with a 31 March balance date the final date for the deposit is 30 April, and for June balance date the final deposit date is 31 July. Even if there is no tax saving, the deposit puts off your tax liability on those funds for a further 12 months. Please give Alison or Anton a call for more information.

FORESTRY - MANDATORY EMISSIONS FOR POST 1989 EMISSIONS TRADING SCHEME PARTICIPANTS

For those clients in the Emissions Trading Scheme, the first five-year commitment period ended on 31 December 2012. Whether you have submitted previous emissions returns or not, a mandatory “wash-up” return for the entire five-year period must be submitted prior to 30 June 2013. There are penalties if this return is not submitted on time, potentially larger penalties if it is submitted incorrectly.

Returns will be accepted by the Ministry for Primary Industries from January 2013. We encourage you to submit your return early in order to have the information available in a timely manner.

Due to the complexities of the emission return calculation process, it is best to obtain professional advice.

PAYROLL

Changes at 1 April 2013:

- Minimum wage increases from \$13.50 to \$13.75
- KiwiSaver minimum contributions increase from 2% to 3% for both employer and employees
- Student loan rate increases from 10% to 12%
- ML and ML SL tax codes no longer in use
- CAE rate is still a flat rate of 19.20%
- No Change to the ACC rate

HOLIDAY HOMES, CHARTER BOATS & AIRCRAFT

Inland Revenue Department are proposing new rules for the above assets which are partly used for business (Mixed-use assets).

The proposal is that mixed use assets rented on a short term basis and unused for a reasonable portion of the year may no longer be allowed a deduction for expenses on the basis of the days available for business use. Losses will be ring fenced and offset against future profits.

It is expected that extra record keeping will be required to show the days that the asset is used so we suggest you keep a diary along with your receipts and invoices detailing the business and private use of mixed-use assets from 1 April 2013. For the year just completed, there are no changes to the rules.

TRANSACTION SUPPORT

There is a renewed confidence in the Marlborough economy and we are noticing an increase in the number of major transactions. The decision to commit considerable financial resources to acquiring a new business, property or key asset should not be undertaken lightly. We recommend that any decision that is planned is discussed fully with ourselves at the firm to ensure that several matters are addressed, namely:

- Are all the tax risks fully understood
- Is the purchase structure the most tax efficient
- Have all the GST considerations been understood
- Have you obtained the best financial package from the bank
- Does the decision to purchase make financial sense (payback periods/cash flow timings)

Tim and Anton have many years' experience in dealing with banks and working on financial models from a due diligence and valuation point of view. A comprehensive financial model can enable a full appreciation of the risks and benefits associated with a purchasing decision, this will not only inform the purchaser it will also help with bank negotiations.

PLEASE NOTE: This newsletter is only for general information and should not be taken as a substitute for specific advice. Consequently we accept no responsibility to any person who acts on information herein without consultation with us.